

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF KENTUCKY UTILITIES COMPANY)	CASE NO.
AND LOUISVILLE GAS AND ELECTRIC COMPANY)	2003-00396
FOR NON-CONFORMING LOAD CUSTOMERS)	

INITIAL DATA REQUEST OF COMMISSION STAFF
TO LOUISVILLE GAS AND ELECTRIC COMPANY
AND KENTUCKY UTILITIES COMPANY

Louisville Gas and Electric Company and Kentucky Utilities Company ("LG&E" and "KU"), pursuant to 807 KAR 5:001, are requested to file with the Commission the original and 7 copies of the following information, with a copy to all parties of record. The information requested herein is due December 12, 2003. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information herein has been previously provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Direct Testimony of F. Howard Bush II ("Bush Testimony") at page 2, lines 2-3, where Mr. Bush states that "an ideal energy charge is fuel plus

approximately 2-3 mills of other variable cost....” Explain how the 2 to 3 mills of other variable cost was determined.

2. Refer to Exhibit B.1 to the Bush Testimony, specifically the column that shows “LCI-TOD at a system load factor of 69.75%.”

a. Explain whether 69.75 percent is the “system average load factor” to which Mr. Bush refers on page 1, line 24 of his testimony.

b. Explain how this system average load factor was derived. Include in the explanation whether this average load factor is based on KU’s existing LCI-TOD customers as well as the time period from which this load factor was derived.

c. On page 2, line 1, of his testimony, Mr. Bush says the proposed rate is revenue neutral. Does this mean revenue neutral for KU if customers served on the rate operate at an average load factor of 69.75 percent? If no, explain the response.

3. Refer to pages 6-9 of the complaint of North American Stainless (“NAS”) filed in Case No. 2003-00376,¹ which has been consolidated with this proceeding. Therein, NAS makes reference to a number of factors that it allege support its claim that its entire load should be served on the KU LCI-TOD tariff. Those factors include: (1) it takes delivery at transmission voltage; (2) the majority of its load is curtailable; (3) a significant amount of its consumption occurs during off-peak periods; (4) its load is not a weather sensitive load; and (4) that variable fuel costs associated with generating units on “Automatic Generation Control” are the only out-of-pocket cost to KU of following

¹ Case No. 2003-00376, North American Stainless v. Kentucky Utilities Company.

NAS's electric arc furnace's load fluctuations in a given hour. Provide a detailed description of how these factors are reflected in the pricing contained in the proposed Non-Conforming Load ("NCL") tariff and/or a response to any NAS claim with which LG&E/KU disagree.

4. Refer to page 7 of the NAS complaint in Case No. 2003-00376 and to pages 2-3 of the Bush Testimony. The complaint refers to LG&E/KU's 2002 Integrated Resource Plan in noting that "KU does not build generation capacity to serve curtailable load." The Bush Testimony refers to the nature of fixed costs and the need to recover such costs through a demand charge rather than have them mixed with variable costs to be recovered through an energy charge.

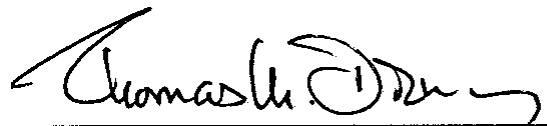
a. Describe the fixed costs that the demand charge contained in the proposed tariffs are intended to recover.

b. Explain whether the terms and rates included in the proposed tariffs take into account the interruptible nature of a customer's load, such as the NAS load.

c. If the proposed tariffs do not take into account the cost benefits of customers with curtailable loads, explain whether any existing tariffs provide credits for curtailable loads and why the proposed NCL tariffs do not include a similar provision.

a. Refer to the Direct Testimony of Charles A. Friebert, Jr. ("Friebert Testimony") at pages 3-4, which refers to the ramping of generating units up and down that is typically required with respect to rapid changes in customers' loads and the fact that, at any one time, LG&E and KU combined will have a limited number of generating units available to ramp up or down, and that there are limits to how quickly this ramping can occur on each unit.

- b. Identify the units that are typically ramped up or down in response to changes in customers' loads and how quickly the ramping can occur at each unit.
- c. Describe in detail the effects such ramping has on LG&E/KU's generating units, on both a short-term and long-term basis.



Thomas M. Dorman
Executive Director
Public Service Commission
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DATED DECEMBER 1, 2003

cc: All Parties